

CUSC Amendments Panel

Actions Arising from Meeting No. 103 Held on 30th October 2009

Present

Chris Bennett	CB	Panel Chair
Bali Virk	BV	Secretary
David Smith	DS	Panel Member (National Grid Electricity Transmission)
Jonathan Dixon (via teleconference)	JD	Ofgem Representative
Paul Mott (via teleconference)	PM	Panel Member (Users' Member)
Garth Graham	GG	Panel Member (Users' Member)
Barbara Vest (via teleconference)	BVe	Panel Member (Users' Member)
Bob Brown	BB	Panel Member (Users' Member)
Paul Jones	PJ	Panel Member (Users' Member)
Victoria Moxham (via teleconference)	VM	Consumer Focus

Apologies

Alison Kay	AK	(National Grid Electricity Transmission)
Hêdd Roberts	HR	Panel Member (National Grid Electricity Transmission)
Simon Lord	SL	Panel Member (User's Member)
Fiona Navesey	FN	Centrica

In Attendance

Mark Cox	MC	Ofgem Representative
Kathryn Coffin	KC	Elexon
Carole Hook	CH	National Grid Electricity Transmission
Bushra Akhtar	BA	National Grid Electricity Transmission
Tom Ireland	TI	National Grid Electricity Transmission (Part meeting)
Steven Lam	SLam	National Grid Electricity Transmission (Part meeting)

All presentations given at this CUSC Amendments Panel meeting can be found in the CUSC Panel area on the National Grid website: <http://www.nationalgrid.com/uk/Electricity/Codes/systemcode/Panel/>

1 Introductions/Apologies for Absence

2189. Apologies were received from Alison Kay, Simon Lord, Fiona Navesey and Hêdd Roberts.
2190. PJ confirmed that he will act on behalf of Simon Lord as his alternate for the CAP169 vote.
2191. The Chair welcomed Mark Cox and Bushra Akhtar to CUSC Amendments Panel meeting.

2 Minutes of the Meeting held on 25 September 2009

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2192. The draft minutes of the CUSC Amendments Panel meeting held on 25th September 2009, incorporating comments from GG and DB, were AGREED and will be published on the National Grid website shortly.

Action: BV to publish on the National Grid website

3 Review of Actions

2193. **Minute 2030: AT to check the provisions within the CUSC to clarify whether NGET can nominate a Working Group member.**

CH confirmed that after seeking advice from NGET lawyers, NGET has a licence obligation to be party to the CUSC Framework Agreement (Condition C10, paragraph 9). As such, NGET is a CUSC Party, and as with other CUSC Parties is able to nominate Working Group members.

Action: Completed

2194. **Minute 2099: Governance Standing Group (GSG) to review provisions regarding Working Group Membership.** Item placed as an agenda item for 29 October GSG meeting.

Action: Completed

2195. **Minute 2075: BV to prepare a CUSC Amendment Proposal regarding the signing off of the CUSC Panel meeting minutes.** National Grid are in the process of drafting a CUSC Amendment Proposal to reflect this change.

Action: Covered under Agenda item 7 - Complete

2196. **Minute 2110: Major Policy Review and Self Governance – Ofgem to provide a MPR Flow diagram.** JD confirmed that a flow diagram was not available at present.

Action: JD to circulate flow diagram once available

2197. **Minute 2184** – NGET to produce Best Practice note on Alternates.

Action: Covered under Agenda item 4 - Complete

2198. **Key Performance Indicators.** CUSC Amendments Panel to bring back ideas to the CUSC Amendments Panel meeting in October.

Action: Covered under Agenda item 6 - Complete

2199. All other outstanding actions were completed or to be covered as an agenda item.

4 Best Practice Note on CUSC Amendments Panel Alternates

2200. CH confirmed that after discussions at the CUSC Amendments Panel meeting on 25th September a Best Practice note was circulated detailing the role and procedure for appointing and terminating Users' Panel Member alternates.

2201. Panel Members agreed with the best practice proposed in the note and confirmed that they found the document useful. The CUSC Amendments

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Panel agreed for the document to be published on the National Grid website as it gives useful guidance on the process and requirements.

Action: NGET to publish Best Practice note on the National Grid website

2202. The CUSC Amendments Panel debated the issue of currently not having any Alternate Members. BVe asked if there was anything that could be done to recruit Alternate Members for the CUSC Amendments Panel such as through a mid term election.

Action: NGET to look at the provisions within the CUSC to determine if a mid term election could be held to recruit Alternate Members and report back to the November CUSC Amendments Panel

2203. The CUSC Amendments Panel agreed that whilst the best practice note outlined best practice for the way an alternate acts with regards to voting, more clarity might be useful in CUSC provision 8.6.5. The Governance Standing Group (GSG) was asked to capture this as part of the ongoing development of CUSC Amendment Proposals on governance.

Action: GSG to develop proposal

5 Interpretation of CUSC Working Group provisions in the CUSC

2204. At the CUSC Amendments Panel meeting on 25th September NGET took an action to produce an interpretation of CUSC Working Group provisions. A note on this was circulated to the CUSC Amendments Panel with the Agenda.

2205. Panel Members discussed the contents of the paper and GG queried a process point, which currently states that Working Group meetings are open to attendance by representatives of any CUSC Party, BSC Party and the National Consumer Council or anybody that is invited by the Working Group chairman or a Working Group member (8.17.9). The CUSC provisions state that any attendee may be invited to speak at the meeting by the Working Group chairman or any Working Group member. The CUSC Amendments Panel agreed that it would be more suitable if only the Working Group chairman may invite a Working Group observer to speak. It was agreed that the GSG should take this forward.

Action: GSG to develop proposal

2206. KC noted that at the GSG meeting on the 29 October the group discussed the option of allowing non CUSC Parties to put forward representation (via the Panel) for Working Group meetings without needing to be nominated by a CUSC Party. KC queried why CUSC Parties had an automatic right to attend Working Group meetings as observers, but non-Parties had to be invited. KC suggested that this could be considered further by the GSG. The CUSC Amendments Panel agreed that a similar change to the provisions regarding attending Working Groups (as an observer) as outlined 8.17.9 would also seem appropriate.

Action: GSG to develop proposal

2207. PJ highlighted that the only element missing from the note circulated on Working Groups was the detail of provisions relating to Working Group Alternative Amendments.

For completeness it was agreed that it would be useful if this was added to the note.

Action: NGET to add and re-circulate note

6 Key Performance Indicators for the administration of the CUSC

2208. DS gave a presentation to the CUSC Amendments Panel on proposed Key Performance Indicators (KPIs) for the administration of the CUSC.
2209. DS explained that this had been driven by the Code Administrators Working Group and also at the CUSC Amendments Panel's request. DS confirmed that the slides were based on what ELEXON currently produce. These were prepared against the current CUSC administrator obligations, not considering any potential obligations which may be introduced through Ofgem's Industry Code Governance Review. DS explained that it would be preferable to get KPIs in place as quickly as possible which could then evolve to take into account additional measures or further obligations.
2210. DS stated that the KPIs would highlight CUSC Amendment Proposals that have been raised and where they are currently within the amendment process. The KPIs would also identify issues that are currently being considered but which have not formally reached the Amendment Proposal stage. An example of this may be CAP175 to CAP177 which were discussed and developed by the GSG before being raised as Amendment Proposals.
2211. DS proposed that the number of Amendment Proposals/issues and the stage in the development process be reported in a pictorial manner, including specification of the complexity of the Amendment Proposal/issue and a colour coding relating to the adherence to agreed timings. This is similar to how ELEXON reports to the BSC Panel. Further detail on these proposals can be found in the link above to the presentations to CUSC Amendments Panel.
2212. DS also proposed that there be KPIs (initially for the CUSC Amendments Panel only) on the various elements of CUSC administration e.g. updating of website, issuing of minutes etc. KC noted that ELEXON has similar internal KPIs in this area, which it reports on to its Board.
2213. BB suggested that the KPIs should include Ofgem's decision-making timescales. KC commented that it depends on what you want to measure – e.g. if the aim is to measure the performance of the code administrator then should you only include things which are within its control? The Panel noted that Ofgem already has its own KPI on decision times, and agreed not to include this in the CUSC KPIs for the time being.
2214. BVe queried whether the KPIs should try to measure industry engagement in the Amendment Process. KC noted that ELEXON had considered this, but had concluded that it was difficult to measure quantitatively and that its annual customer survey gave more meaningful qualitative feedback in this area. E.g. if you received a low number of industry responses, it could be difficult to tell whether this was due to a failure to get information to the right people or just lack of resource/interest.

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2215. The CUSC Amendments Panel agreed for the proposed KPIs to be trialled for the November CUSC Amendments Panel Meeting.

Action: NGET to produce KPIs for November CUSC Amendments Panel

2216. DS stated the he would be looking to share the KPIs with the UNC, BSC, Grid Code and STC to ensure a consistent approach and also once this was established, look to extend the CUSC Amendments Panel KPIs to Standing and Working Groups.

7 New Amendment Proposals

2217. One CUSC Amendment Proposal was tabled: **CAP178: Amendment to the process for the approval of CUSC Amendments Panel meeting minutes when an Amendments Panel meeting has been cancelled.** BV gave a presentation describing the background to the Amendment Proposal, which proposes to amend the governance process for the approval of CUSC Amendments Panel meeting minutes if a CUSC Amendments Panel meeting is cancelled.

2218. BV highlighted that the proposed CAP178 would help by eliminating any unnecessary delay in the publication of the CUSC Amendments Panel minutes to CUSC Parties, and also achieve an improvement to the transparency of CUSC Amendments Panel proceedings.

2219. The Panel Members acknowledged the relative triviality of CAP178 and it was suggested by JD that CUSC Amendment Proposals of this nature could be implemented through the “consent to modify” process under National Grid’s Electricity Transmission Licence Condition C10, paragraph (7) (c) (ii) as detailed below:

“The licensee shall only modify the CUSC... with the consent of the Authority, and it shall not have the power to modify the CUSC in any other circumstance; and the licensee shall furnish the Authority with a copy of the modification made”

Action: NGET and JD to consider the use of ‘consent to modify’ for future housekeeping CUSC Amendment Proposals

2220. The CUSC Amendments Panel agreed for CAP178 to proceed to Company Consultation for a period of five Business Days with a view to being presented at the CUSC Amendments Panel meeting on 27th November 2009.

Action: NGET to issue Company consultation

8 Working Group/Standing Group Reports

2221. **Governance Standing Group (GSG).** GG, chair of the GSG, confirmed that a meeting had taken place on 29th October 2009.

2222. The GSG discussed Hêdd Roberts presentation on the review of the Transmission Access CUSC process that was presented at the CUSC Amendments Panel meeting on 25th September and the actions arising from this. As a result of this, further work is being carried out by the GSG with regards to:

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- Extending the right to raise WG Consultation Amendment Requests to all interested parties
 - Allowing all interested parties to put forward nominations for Working Group membership
 - Preparing papers for the CUSC Amendments Panel on the role of the chair in determining Working Group Alternative Amendments and voting on Amendment Proposals by the CUSC Amendments Panel/Working Groups
2223. KC also noted that ELEXON and National Grid are considering introducing a joint change education forum, and have agreed to update the GSG on this in November. The forum could be an opportunity for interested participants to come along and learn about the different changes going on. KC welcomed any feedback from Panel Members on how they might like the forum to operate (suggestions can be sent to kathryn.coffin@elexon.co.uk).
2224. **Gas Insulated Switchgear (GIS) /Future of Frequency Response/Balancing Services Standing Group.** TI gave a presentation updating the CUSC Amendments Panel on progress made to date, within the two Working Groups.
2225. The CUSC Amendments Panel noted that Grid Code Review Panel (GCRP) have extended the Terms of Reference for the GIS Working Group to February 2010 and will also report back to the CUSC Amendments Panel in February 2010. It is also anticipated that the Frequency Response Working Group will request an extension to February or May 2010, which will be made at the November 2009 GCRP meeting.
2226. The CUSC Amendments Panel agreed to the additional requirements to the BSSG Terms of Reference. The additional obligation is to investigate and propose a recommendation to consider the commercial issues associated with Frequency Response provisions from future Interconnectors. KC confirmed that a Elexon representative would attend CUSC Working Group on Interconnector Frequency Response provision, as there are potential knock-on impacts on the BSC.

Action: TI to circulate the final Terms of Reference for Interconnectors Working Group to the CUSC Panel for agreement

9 CUSC Amendments Panel Vote

2227. **CAP169 Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations.** CH gave a presentation summarising the proposal, views and representations received on CAP169.
2228. The CUSC Amendments Panel discussed the responses received (of which there were four) and raised concerns with the low response rate to the CAP169 consultation. BVe asked NGET to draw up a note which could be circulated to the Scottish Renewables Forum, the Association of Electricity Producers, British Wind Energy Association and Renewable Energy Association detailing the proposals and the outcome of the vote and inviting

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any additional representations to be made directly to the Authority to aid their decision making.

**Action: NGET to draft a note for BVe &
Action: BVe to circulate note**

2229. Following the presentation, the CUSC Amendments Panel Recommendation Vote as to whether CAP169 and its Alternatives better facilitate the Applicable CUSC Objectives was as follows:

Original - 3 yes, 4 no

WGAA1 - 6 yes, 1 no

WGAA2 - 7 yes

WGAA3 - 1 yes, 6 no

Abstained – 1 (for the original and all WGAAAs)

Best –3 votes for WGAA1, 4 votes for WGAA2

The CUSC Amendments Panel therefore Recommended to the Authority that WGAA2 be approved.

2230. The table below shows a detailed breakdown of the Panel Members' voting against the CUSC Applicable Objectives and the rationale for such votes. For ease of reference the CUSC Applicable Objectives are reproduced here:

(a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; and

(b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity.

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	Better meets Applicable CUSC Objective (a) and (b)			
Panel Member	Original	WGAA1	WGAA2	WGAA3
Barbara Vest (User)	<p>NOT BETTER No – through the potential to stifle competition by not reflecting the cost of the Reactive Power service provided and introducing an inconsistency between connection and long-term operational restrictions.</p>	<p>BETTER Yes – marginally better than baseline by introducing an appropriate payment mechanism for a restricted Reactive Power service covering connection and long term operational restrictions.</p>	<p>BETTER AND BEST Yes - by allowing NGET to despatch additional providers, by aligning the CUSC and Grid Code.</p>	<p>NOT BETTER No – by providing £0 (zero) payment the Grid Code capability requirement and dynamic service is not recognised.</p>
Bob Brown (User)	<p>BETTER Yes - by allowing NGET to despatch additional providers, by aligning the CUSC and Grid Code, by reducing the payment for a restricted service whilst continuing to recognise the value of the dynamic service provided.</p>	<p>BETTER AND BEST Yes - by allowing NGET to despatch additional providers, aligning the CUSC and Grid Code, by reducing the payment for a restricted service whilst continuing to recognise the value of the dynamic service provided. BEST through covering long term operational restrictions as well as connection.</p>	<p>BETTER Yes - by allowing NGET to despatch additional providers, by aligning the CUSC and Grid Code.</p>	<p>NOT BETTER No – through failing to recognise the value to NGET provided by the restricted embedded Reactive Power service.</p>
Garth Graham (User)	<p>NOT BETTER No – generators under such restrictions continue to provide the full capability which should be reflected in the payment received.</p>	<p>NOT BETTER No – generators under such restrictions continue to provide the full capability which should be reflected in the payment received.</p>	<p>BETTER AND BEST (a)Yes – for the reasons outlined in 4.14, 4.20, 4.21 and 10.3 of the Amendment Report (b)Yes – for the reasons outlined in 4.14, 4.20, 4.21, 4.34 and 4.41 of the Amendment Report</p>	<p>NOT BETTER No – generators under such restrictions continue to provide the full capability in line with Grid Code obligations which should be reflected in the payment received.</p>

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Paul Jones (User)	NOT BETTER No – through the potential to stifle competition by not reflecting the cost of the Reactive Power service provided and introducing an inconsistency between connection and long-term operational restrictions.	BETTER Yes – marginally better than baseline by introducing an appropriate payment mechanism for a restricted Reactive Power service covering connection and long term operational restrictions.	BETTER AND BEST Yes - by allowing NGET to despatch additional providers, aligning the CUSC and Grid Code.	NOT BETTER No – by providing £0 (zero) payment the Grid Code capability requirement and dynamic service is not recognised.
Paul Jones as alternate for Simon Lord (User)	NOT BETTER As above	BETTER As above	BETTER AND BEST As above	NOT BETTER As above
Paul Mott (User)	BETTER Yes – by continuing to recognise the value provided by the restricted Reactive Power service.	BETTER AND BEST Yes – by continuing to recognise the value provided by the restricted Reactive Power service.	BETTER Yes – by continuing to recognise the value provided by the restricted Reactive Power service.	BETTER
David Smith (National Grid)	BETTER (a) Yes - by allowing NGET to despatch additional providers, aligning the CUSC and Grid Code, providing a more appropriate payment mechanism than 100% payment for a restricted service. (b) Yes - by providing a more appropriate mechanism than 100% payment.	BETTER AND BEST Yes - as with the original, but BEST as it extends the appropriate payment mechanism to long term operational restrictions.	BETTER (a) Yes - by allowing NGET to despatch additional providers, aligning the CUSC and Grid Code. Note that this fails to deal the defect identified regarding 100% payment for a restricted Reactive Power service. (b) No – does not deal with payment for a restricted Reactive Power service and may exacerbate the problem part 3 seeks to address.	NOT BETTER (a) No – £0 (zero) payment fails to recognise the Grid Code capability requirement. (b) No – the £0 (zero) payment fails to recognise the Grid Code capability requirement or dynamic service provided.
Victoria Moxham (Consumer)	ABSTAIN	ABSTAIN	ABSTAIN	ABSTAIN

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2231. The CUSC Amendments Panel noted that the options laid out in the original and each of the Working Group Alternative Amendments associated with CAP169 were difficult to balance against the Applicable CUSC Objectives, as there are arguments for and against each option. The CUSC Amendments Panel agreed that whilst CAP169 seeks to introduce appropriate payment terms in line with the existing CUSC provisions, it may be useful to consider undertaking a full review of the Reactive Power payment mechanisms in the future.

Action: NGET to consider possible Reactive Power review.

2232. VM abstained from voting on the original or any of the Working Group Alternative Amendments on the grounds that assessing the options against the Applicable CUSC Objectives was too difficult.

2233. GG noted that there was a typo in paragraphs 5.6 and 12.2 which should refer to “£0 (zero) payment”. GG inquired about the comments, in their consultation response, from Electricity North West Ltd., regarding DNO representation. CH noted that a representative from Electricity North West Ltd., did attend the Working Group meetings. The CUSC Amendments Panel agreed for the draft Amendment Report for CAP169 to be updated as a result of the voting and circulated to the CUSC Amendments Panel for review prior to submission to Ofgem.

Action: BV

10 Authority Decisions

2234. There were no Authority decisions.

11 Update on Industry Codes

2235. **Ofgem.** JD confirmed that the Code Administrators Working Group (CAWG) met on 23 October 2009 to discuss the draft Code of Practice (CoP) developed by the Code Administrators for the CUSC, BSC and UNC. The draft is being discussed in the CAWG with a view to being signed off by the end of the year. It will then be sent out to the industry for comment and implementation on 1 April 2010.

2236. **CAP150 – Process Update CAP150.** SLam gave a presentation to the CUSC Amendments Panel detailing the background and update since CAP150 was implemented. SLam confirmed that CAP150 was proposed as a tool for NGET to better manage the 12GW queue of new applications to the electricity transmission system. The clause allowed NGET to review the capacity of generation projects and seek clarification from Users if it was believed that they would not achieve the contracted capacity by their contracted completion date. The projects were identified on a case by case basis which took into account the potential issues that may have faced certain generation types. Where Users could not send in sufficient evidence, CAP150 allowed NGET to reduce their capacity. If the User was likely to delay their project within their backstop date, then they would be asked to send in a modification application to do so.

2237. SLam confirmed that so far, no project has had their TEC reduced forcibly as they have taken advantage of a ‘free TEC review’ scheme which

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allowed them to reduce their capacity for free as long as no costs would be incurred from the reduction. The reduction to date has been 180MW.

2238. SLam explained that NGET was focussing on projects four years out due to the greater certainty on progress in these timescales. GG highlighted that NGET should be mindful of certain technologies which have longer lead times, and therefore would be able to be reviewed in advance of this four year period.

12 AOB

2239. GG gave an update from the recent E3C (Energy Emergency Executive Committee) plenary meeting. Under this committee a specific Olympics Task Group has been set up with the intention of establishing a common approach to preparations for, and operations during, the 2012 Olympic Games. The Task Group has four work streams (Asset Preparedness and Security; Operation and Control; Energy Resilience; Governance Communication and Resources). GG also noted, with respect to swine flu, that the Government had recently revised downwards its guidance to business on the effects of the recent influenza outbreak (in terms of the percentage of staff likely to be off work).
2240. **2010 Proposed CUSC Amendments Panel meeting dates.** The Amendments Panel agreed the proposed meeting dates for 2010 subject to changing the January meeting to 29th January 2010. The agreed dates to published on the National Grid website in due course.

Action: BV to publish 2010 on the National Grid Website

13 Date of Next Meeting

2241. The next meeting is scheduled for 27th November 2009, at National Grid House, Warwick Technology Park, Gallows Hill, Warwick, CV34 6DA.